

**Opening Remarks of  
Hon. Michael M. Reyna, Chairman and CEO  
Farm Credit Administration  
at the  
Young, Beginning and Small Farmer Public Hearing  
Kansas City, Missouri  
November 13, 2002**

Good morning. I would like to take this opportunity to welcome all speakers, special guests and other members of the public who are here today to attend the Farm Credit Administration's (FCA or agency) hearing on service to young, beginning and small (YBS) farmers and ranchers.

My name is Michael M. Reyna; I serve as Chairman and CEO of the Farm Credit Administration. And, joining me at today's hearing are my colleagues FCA Board Members Ann Jorgensen and Doug Flory.

As established by Congress, FCA is an independent federal financial regulatory agency within the executive branch of government. Our primary responsibility is to ensure the financial safety and soundness of the Farm Credit System (FCS or System). We accomplish this by conducting periodic financial examinations of System financial institutions and by issuing regulatory guidance to these institutions through the adoption of rules and other policy statements. The System, as you may know, is a nationwide network of borrower-owned financial cooperatives. And, as the nation's oldest Government Sponsored Enterprise (GSE), its public mandate is to provide a dependable source of credit and related services to agriculture and rural America.

Today's public hearing is another important step being taken by our agency to ensure that the Farm Credit System, continues to place a high priority on providing service to agriculture and rural America, with a special emphasis on the nation's young, beginning and small farmers and ranchers. Our earlier steps included issuing regulatory guidance to the System in 1998, which revised important YBS definitions and reporting procedures. It also called upon the System to redouble its commitment to these borrowers.

And since 1999, the System's lending efforts to YBS borrowers has been a "focus area" for our periodic financial safety and soundness examinations. During these regular examinations, we look at a System institution's policies, demographic studies, marketing and outreach programs, underwriting standards, their use of credit enhancement programs, coordination with other federal, state and local programs, and the quality of their YBS reporting to their board of directors and to our agency.

Notwithstanding our efforts in recent years, the General Accounting Office (GAO) issued a report in March of this year recommending that our agency strengthen its oversight of the System's efforts to serve YBS farmers and ranchers.

With this in mind, I believe it is particularly fitting that we are in Missouri, the “Show Me” state, for our hearing today. This is because we need your help, ... that is ... we need you to “Show Us” how we can ... and should ... best respond to GAO’s recommendations. It also is fitting that we are in the state that gave this nation, Harry S. Truman, our 33rd president. Truman, whose first career was working on his family’s farm right here in Missouri, once said, “I believe in plans big enough to address needs which we can’t possibly foresee now.”

It is in this spirit, that we ask you to share with us, indeed, ... “Show Us” ... your ideas on ways that we can craft a plan big enough to address the challenges of not only today, but of the future as well. And ... just as President Truman used his knowledge of farming to shape federal farming initiatives during his presidency, we are asking you to help shape our plans using your knowledge of working with, and within the System.

Today’s witnesses reflect a broad cross-section of interests. We will hear from academics, trade groups and farm advocates, the Farm Credit System and commercial lenders, as well as YBS farmers and ranchers themselves. And though they are not with us in person today, I would like to thank members of the public who have transmitted their comments to our agency in writing or electronically through the Internet. The overwhelming response to our request for comments makes it clear to me ... that you take this opportunity as seriously as we do and recognize the importance of your participation in this process.

Agriculture provides unparalleled returns as a way of life, and its importance to our country is deeply rooted in American history. Viewed strictly as a business venture, however, the returns on investment in agriculture have proven to be much more problematic.

Young, beginning and small farmers, like all those involved in agriculture today, face a wide range of challenges, including access to capital and credit, the impact of rising costs on profitability, urbanization and the availability of resources like land, water and labor, globalization and competition from larger and or more established farms, and of course, the challenge of complying with government regulations.

While some people may argue that the basic challenges facing YBS farmers and ranchers are similar to those of other well-established and larger producers, it is clear that the hurdles they face are much higher in many instances. ... And, it is for this reason that I believe the topic and the timeliness of today’s public hearing is more important than ever.

Specifically, at today’s hearing we are asking for your response to three broad questions:

- First, while there are a myriad of programs in place, what other possible regulatory approaches and policy initiatives could we implement to ensure that the System better serves the needs of the YBS borrowers? Second, ...
- While we currently examine every System institution's compliance with laws and regulation, what are the best ways to measure the effectiveness of the System's YBS efforts? And, finally ...
- Given that we currently do not release our findings and conclusions relative to an individual System institution's YBS efforts, how should we best disseminate this information publicly?

While the public comment period on this important topic will remain open until December 23, 2002, ... I can assure you that your answer to these questions ... and the additional information you have shared with us today ... will serve as the foundation of our upcoming rulemaking efforts early next year. And ... I am confident that your comments will enable our agency to craft a plan that as President Truman said, "is big enough to address needs that we can't possibly foresee now."

Before we begin with our first witness, I would like to ask my colleagues if they wish to make an opening statement for the record?